

SISONKE DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

Annual Financial Statements

for

SISONKE DISTRICT MUNICIPALITY

for the year ended 30 June: **2010**

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager: NM Mabaso

Name of Chief Financial Officer: S Mewalall
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Name of contact at provincial treasury: S Moodley
Contact telephone number: 033-897 4415

Name of relevant Auditor: Auditor General South Africa
Contact telephone number: 033-264 7400

Name of contact at National Treasury: J.Hattingh
Contact telephone number: 012-315 5534

SISONKE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information

Members of the Council

JP KHOZA	Mayor
WM MSIYA	Deputy Mayor
CN NTABENI	Speaker
CM NGCOBO	Member of the Executive Committee
RZ LANGA	Member of the Executive Committee
WB DLAMINI	Member of the Executive Committee
BL NZIMANDE	Member
MF MAKHANYA	Member
J MZIZI	Member
ME MKHIZE	Member
NJ JILI	Member
T JALI	Member
M SUKUDE	Member
S MAVUMA	Member
DE MAFA	Member
Z PHAKATHI	Member
S MNTAKA	Member
A SONDZABA	Member
T SOSIBO	Member
B DZANIBE	Member
N LANGA	Member
I NDLOVU	Member
MS KHUTSHWA	Member
MJ MTSHALI	Member
TN JOJOZI	Member
MA ZONDI	Member

Municipal Manager

NM Mabaso

Chief Financial Officer

S Mawalall

Grading of Local Authority

Grade 3

Auditors

Auditor General South Africa

Bankers

First National Bank

SISONKE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

General information (continued)

Registered Office: SISONKE MAIN OFFICE

Physical address:
40 MAIN STREET
IXOPO
3276

Postal address:
PRIVATE BAG X501
IXOPO
3276

Telephone number: 039-834 8700

Fax number: 039-834 2258

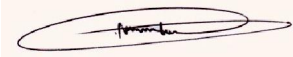
E-mail address: cfo@sisonkedm.gov.za

SISONKE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 46, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager:

DATE 31 August 2010

SISONKE DISTRICT MUNICIPALITY
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SISONKE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 R	2009 R
ASSETS			
Current Assets			
Cash and cash equivalents	1	4 597 199	21 416 192
Trade and other receivables from exchange transactions	2	2 511 525	9 490 014
Other receivables from non-exchange transactions	3	-	1 036 392
Deferred finance charges	3.1	904 326	-
Inventories	4	49 914	30 431
Investments	5	109 832 288	116 986 020
VAT receivable	9	6 510 467	25 813 589
Non-current Assets			
Property, plant and equipment	6.1	760 321 218	503 640 954
Intangible assets	6.3	863 686	-
Total Assets		885 590 623	678 413 592
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	7	41 499 255	2 153 703
Consumer deposits	8	723 306	604 842
Current provisions	10	4 021 098	3 295 717
Current portion of unspent conditional grants and receipts	11	81 326 916	87 370 773
Current portion of borrowings	12	994 406	949 883
Current portion of finance lease liability	13	688 611	-
Non-current Liabilities			
Non-current borrowings	12	5 203 465	6 126 869
Non-current finance lease liability	13	3 484 138	-
Total Liabilities		137 941 195	100 501 787
Net Assets		747 649 428	577 911 805
NET ASSETS			
Accumulated Surplus		747 649 428	577 911 805
Total Net Assets		747 649 428	577 911 805

SISONKE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
as at 30 June 2010

	Note	2010 R	2009 R
Revenue			
Property rates	14	78 233	-
Service charges	15	35 843 548	24 506 752
Rental of facilities and equipment	16	79 860	79 028
Interest earned - external investments	17	6 638 868	10 513 043
Government grants and subsidies	18	288 290 761	246 453 545
Other income	19	715 938	354 558
Insurance claims		-	452 827
Total Revenue		331 647 208	282 359 753
Expenses			
Contribution to Bad Debt provision	2.1	6 685 000	5 300 000
Employee related costs	20	47 334 703	41 913 439
Remuneration of councillors	21	4 040 860	3 589 844
Depreciation and amortisation expenses	22	20 182 452	31 732 383
Finance costs	23	867 593	646 880
Bulk purchases	24	7 566 292	3 378 554
Contracted services	25	28 006 517	1 439 371
Grants and subsidies paid	26	9 057 364	1 789 390
General expenses	27	75 190 984	41 717 671
Repairs and Maintenance	28	20 769 998	6 913 768
Collection cost		-	39 681
Total Expenses		219 701 763	138 460 981
Gain on sale of assets	29	1 406	-
Surplus for the period		111 946 851	143 898 772

SISONKE DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

		Revaluation	Other reserves	Total: Reserves	Accumulated	Total: Net Assets
	Note	Reserve			Surplus/(Deficit)	
		R	R	R	R	R
Balance at 1 July 2008		-	-	-	457 219 831	457 219 831
Changes in accounting policy		-	-	-	70 547 773	70 547 773
Restated balance		-	-	-	527 767 604	527 767 604
Prior Year Adjustment		-	-	-	4 362 863	4 362 863
Government Grant Reserve		-	-	-	29 339 203	29 339 203
Grants used to purchase Property Plant and Equipment		-	-	-	(111 147 224)	(111 147 224)
Contribution to Provision for Bad Debts		-	-	-	(14 488 302)	(14 488 302)
Contingent Liabilities		-	-	-	(1 821 111)	(1 821 111)
Surplus for the period		-	-	-	143 898 772	143 898 772
Balance at 30 June 2009		-	-	-	577 911 805	577 911 805
<i>Prior Year Adjustment:</i>						
:VAT		-	-	-	(5 223 759)	(5 223 759)
:Other		-	-	-	(4 648 499)	(4 648 499)
:Creditors		-	-	-	173 674	173 674
:Provision performance bonuses		-	-	-	436 690	436 690
:Debtors		-	-	-	(4 306 893)	(4 306 893)
<i>Current year Adjustment:</i>						
:Other		-	-	-	4 427 138	4 427 138
:Provision for bad debts	2.1	-	-	-	(22 322 760)	(22 322 760)
<i>Changes in accounting policy:</i>						
:Property Plant and Equipment	32	-	-	-	79 938 265	79 938 265
:Depreciation	32	-	-	-	9 316 916	9 316 916
Surplus for the period		-	-	-	111 946 851	111 946 851
Balance at 30 June 2010		-	-	-	747 649 428	747 649 428

SISONKE DISTRICT MUNICIPALITY

CASH FLOW STATEMENT

as at 30 June 2010

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		311 385 862	258 392 403
Sales of goods and services	15	21 585 825	14 215 879
Grants	18	282 246 907	232 777 068
Interest received	17	6 638 868	10 513 043
Other receipts		914 262	886 413
Payments		149 949 236	99 235 214
Employee costs	20/21	51 375 563	45 503 283
Suppliers		97 706 080	53 085 051
Interest paid	23	867 593	646 880
Net Cash Flows from Operating Activities	30	161 436 626	159 157 189
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	6	(188 704 623)	(118 025 954)
Proceeds from Sale of Fixed Assets	29	1 406	-
Proceeds from Sale of Investments	5	7 153 732	(27 002 441)
Net Cash Flows from Investing Activities		(181 549 485)	(145 028 395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings	12	-	-
Repayment of Borrowings	12	(878 883)	(815 926)
Proceeds from Finance Lease Liabilities	13	4 699 456	-
Repayment of Finance Lease liability	13	(526 707)	-
Net Cash Flows from Financing Activities		3 293 866	(815 926)
Net increase / (decrease) in net cash and cash equivalents	1	(16 818 993)	13 312 868
Net cash and cash equivalents at beginning of period	1	21 416 192	8 103 324
Net cash and cash equivalents at end of period	31	4 597 199	21 416 192

SISONKE DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
as at 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

GRAP 1 :Presentation of financial statements
GRAP 2 :Cash flow statements
GRAP 3 :Accounting policies, changes in accounting estimates and errors
GRAP 5 :Borrowing cost
GRAP 6 :Consolidated and separate financial statements
GRAP 9 :Revenue from exchange transactions
GRAP 12 :Inventories
GRAP 13 :Leases
GRAP 14 :Events after the reporting date
GRAP 17 :Property plant and equipment
GRAP 19 :Provisions, contingent liabilities and contingent assets
GRAP 100 :Non-current assets held for sale and discontinued operations
GRAP 102 :Intangible assets
IFRS 7 :Financial instruments: Disclosures
IAS 19 :Employee benefits
IAS 32 :Financial instruments: Presentation
IAS 36 :Impairment of assets
IAS 39 :Financial instruments: Recognition and measurement
IPSAS 20 :Related party disclosures
IPSAS 21 :Impairment of non cash-generating assets
GAMAP 9.29 - 35 & 39-54 : Revenue
IGRAP 1 :Applying the probability test on initial recognition of exchange revenue.
IFRIC 4 :Determining whether an arrangement contains a lease
IFRIC 14 : IAS 19 The limit of a defined benefit asset, minimum funding requirements and their interaction.
Directive 1 :Repeal of existing transitional provisions and consequently amendments to, standards
Directive 2 :Transitional provisions for the adoption of standards of GRAP by public entities municipal entities and constitutional institutions.
Directive 3 :Transitional provisions for the adoption of standards of GRAP by high capacity municipalities.
Directive 4 :Transitional provisions for the adoption of standards of GRAP by medium and low capacity municipalities.
Directive 5 :Determining the GRAP reporting framework.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

BASIS OF ACCOUNTING - Continued

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

1.6 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT ("PPE")

As described in Accounting Policy 2.4 the Municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

A decrease or increase in the carrying amount or depreciation of an asset as a result of a revaluation is recognised in surplus or deficit. The depreciation is calculated on the residual value of the assets.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

PROPERTY, PLANT AND EQUIPMENT - Continued

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<u>Details</u>	<u>Years</u>
<u>INFRASTRUCTURE ASSETS</u>	
<u>Sewerage</u>	
Sewers	20 years
Outfall sewers	20 years
Purification works	20 years
Sewerage pumps	15 years
Sludge machines	15 years
<u>Water</u>	
Meters	15 years
Mains	20 years
Rights	20 years
Supply/reticulation	20 years
Reservoirs & Tanks	20 years
<u>OTHER ASSETS</u>	
<u>Buildings</u>	
Office buildings	30 years
Workshops/depots	30 years
<u>Office equipment</u>	
Computer hardware	5 years
Computer software	3-5 years
Office machines	3-5 years
Air conditioners	5-7 years
<u>Furniture And Fittings</u>	
Chairs	7-10 years
Tables/desks	7-10 years
Cabinets/cupboards	7-10 years
Miscellaneous	7-10 years
<u>Motor Vehicles</u>	
Trucks/bakkies	5-7 years
<u>Plant and Equipment</u>	
Tractors	10-15 years
Lawnmowers	2 years
Compressors	5 years
Laboratory equipment	5 years
General	5 years

Treasury Guidelines

Asset Description	Equivalent Expected Useful Life	GAMAP Classification	Ave Residual Value (%)
Water treatment works (Total MI/day)	28	supply/reticulation	40%
Water treatment plants (filtering & dosing)	15	supply/reticulation	0%
Dams	100	Reservoirs & Tanks	60%
Reservoirs	38	Reservoirs & Tanks	30%
Pump stations	22	supply/reticulation	30%
Boreholes	30	supply/reticulation	30%
Bulk pipeline (km)	60	mains	20%
Reticulation (km)	60	meters, supply / reticulation	20%
Sewage treatment works (Total MI/day)	28	purification works / sludge machines	40%
Pump Stations	22	sewerage pumps	30%
Bulk pipelines (km)	60	sewers / outfall sewers	20%
Reticulation (km)	60	sewers / outfall sewers	20%

PROPERTY, PLANT AND EQUIPMENT - Continued

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

2.6 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 NON-CURRENT ASSETS HELD FOR SALE

4.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

5 INVENTORIES

5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

5.2 SUBSEQUENT MEASUREMENT

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are initially recognised at fair value.

6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

6.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an impairment account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

6.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

8 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

12 LEASES

12.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

12.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

13 REVENUE

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

15 RETIREMENT BENEFITS PENSION OBLIGATIONS

The municipality and its employees contribute to two pension funds that cater for the majority of the staff. The KZN Joint Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income the year they become payable.

Defined Benefit Plan

The municipality provides retirement benefits for its employees. The contributions to fund obligations for the payment of the retirement benefits are charged against revenue in the year they become payable. The defined funds which are administered on a provincial basis are actually valued triennially according to the discounted cash flow and discontinuance method approach.

Defined Contribution Plans

The municipality provides retirement benefits for its employees. The contributions to fund obligations for the payment of the retirement benefits are charged against revenue in the year they become payable. The defined contribution funds which are administered on a provincial basis, are actually valued triennially according to the discounted cash flow and discontinuance method approach.

16 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognized. Contingencies are disclosed in the notes to the Annual Financial Statements.

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
1 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	300	300
Call Investments	2 563 775	357 618
Cash at bank	2 033 124	21 058 274
Cash Book Balance at end of year	4 597 199	21 416 192

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

FNB Ixopo branch Account Number 63022648169

Cash book balance at beginning of year	18 087 508	8 103 324
Cash book balance at end of year	2 033 584	21 058 574

FNB Kokstad branch Account Number 52720015760

Cash book balance at beginning of year	2 970 766	-
Cash Book balance at end of year	(460)	-

FNB Ixopo

Bank Statement Balance at beginning of year	18 583 767	-
Bank Statement Balance at end of year	2 002 091	-

FNB Kokstad

Bank Statement Balance at beginning of year	2 970 766	-
Bank Statement Balance at end of year	(460)	-

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for Doubtful Debts	Net Balance
	R	R	R
<u>Trade receivables</u>			
Year Ended 30 June 2010			
Service debtors			
Rates	78 234	-	78 234
Water	41 443 541	39 765 339	1 678 202
Sewerage	11 660 548	11 368 866	291 682
Value added taxation	7 423 957	6 960 550	463 407
Total Trade Receivables	60 606 280	58 094 755	2 511 525
Year Ended 30 June 2009			
Service debtors			
Water	34 963 302	27 102 370	7 860 932
Sewerage	1 900 251	1 473 010	427 241
Value added taxation	5 345 465	4 143 624	1 201 841
Total Trade Receivables	42 209 018	32 719 004	9 490 014
<u>Rates: Ageing</u>			
Current (0 – 30 days)		7 823	-
31 - 60 Days		7 823	-
61 - 90 Days		7 824	-
91 - 120 Days		54 763	-
Total Rates		78 233	-
<u>Water and Sewerage: Ageing</u>			
Current (0 – 30 days)		3 848 598	3 219 640
31 - 60 Days		3 435 487	6 270 420
61 - 90 Days		1 892 121	2 020 146
91 - 120 Days		51 351 841	30 698 812
Total Water and Sewerage		60 528 047	42 209 018

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

2.1 Reconciliation of the doubtful debt provision

Balance at beginning of the year
Contributions to provision
Additional contribution from surplus/deficit
Discounting of debtors
Doubtful debts written off against provision
Balance at end of year

2010 R	2009 R
32 719 004	11 214 960
6 685 000	19 788 302
22 322 760	-
1 344 897	1 715 742
(4 976 906)	-
58 094 755	32 719 004

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2010, (R3 856 422) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due
2 months past due
3 months past due

3 856 422
-
-
3 856 422

Trade and other receivables impaired

As at 30 June 2010, trade and other receivables of (R -56 749 858) were impaired and provided for.

The amount of the provision was R -58 094 755 as at 30 June 2010 .

The ageing of these receivables is as follows:

1 to 6 months

58 094 755

The fair value of trade and other receivables approximates their carrying amounts.

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Insurance claims
Other debtors
Total Other Receivables from Non-Exchange

-	388 702
-	647 690
-	1 036 392

3.1 Deferred charges

Wesbank leases
Total Deferred Charges

904 326	-
904 326	-

4 INVENTORIES

Opening balance of inventories:

Water

Additions:

Water

30 431	-
30 431	-
19 483	30 431
19 483	30 431

Closing balance of inventories:

Water

49 914	30 431
49 914	30 431

Bulk purchases
Kilolitre stock
Average price per kilolitre
Kilolitre loss
Cost of losses

R	7 566 292	R	1 362 320
	17 985		12 264
R	2.77	R	2.48
	956 030		540 022
R	2 648 202	R	1 339 255

The water losses are estimated at 35%. Comprehensive water audits will allow council to monitor and ultimately reduce water losses.

5 INVESTMENTS

Financial Instruments

FNB - 62095523281
FNB - 62138538692
ABSA - 9121808364
ABSA - 2070015500
RMB - 100456/DC3F0018
Standard Bank - 068626134001
Nedbank - 18214604
Nedbank - 03/7881062193/00001
Investec - 5004014050
Investec - 1100457455451
Total Investments

Money market	6 493 614	6 153 745
Call account	10 302 077	28 713 574
Fixed deposit	5 976 338	5 707 612
Fixed deposit	10 246 910	-
Fixed deposit	8 044 935	7 622 229
Fixed deposit	11 831 876	11 105 065
Fixed deposit	6 060 476	5 770 504
Fixed deposit	10 001 726	51 913 291
Fixed deposit	20 537 485	-
Fixed deposit	20 336 851	-
109 832 288	116 986 020	

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Intangible assets	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2009	-	-	455 688 005	28 179 656	-	19 773 293	-	503 640 954
Cost/Revaluation	-	-	581 026 966	33 504 639	-	37 993 601	-	652 525 206
Accumulated depreciation and impairment losses	-	-	(125 338 961)	(5 324 983)	-	(18 220 308)	-	(148 884 252)
Assets Revaluation Adjustment	-	32 704 769	82 215 558	(14 554 144)	-	(21 507 527)	-	78 858 656
Depreciation Revaluation Adjustment	-	(4 165 313)	1 922 329	2 441 859	-	9 118 041	-	9 316 916
Acquisitions	-	-	116 889 766	6 815 353	-	1 703 385	3 280 570	128 689 074
Work in progress LM and Other	-	-	14 700 834	326 068	-	44 988 647	-	60 015 549
Depreciation	-	(734 305)	(15 896 689)	(639 206)	-	(2 435 637)	(260 693)	(19 966 530)
Carrying value of disposals	-	-	-	-	-	(233 401)	-	(233 401)
Cost/Revaluation	-	-	-	-	-	(1 015 902)	-	(1 015 902)
Accumulated depreciation and impairment losses	-	-	-	-	-	782 501	-	782 501
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Financial year ended 30 June 2010	-	27 805 151	655 519 803	22 569 586	-	51 406 801	3 019 877	760 321 218
Cost/Revaluation	-	32 704 769	794 833 124	26 091 916	-	62 162 204	3 280 570	919 072 583
Accumulated depreciation and impairment losses	-	(4 899 618)	(139 313 321)	(3 522 330)	-	(10 755 403)	(260 693)	(158 751 365)

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

6.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Intangible assets	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
Financial year ended 30 June 2008	-	-	370 449 593	25 919 001	-	22 899 588	-	419 268 182
Cost/Revaluation	-	-	470 530 737	30 227 822	-	36 819 792	-	537 578 351
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	-	(100 081 144)	(4 308 821)	-	(13 920 204)	-	(118 310 169)
Depreciation	-	-	(26 416 117)	(1 016 162)	-	(4 300 104)	-	(31 732 383)
Carrying value of disposals	-	-	(1 920 800)	-	-	-	-	(1 920 800)
Cost/Revaluation	-	-	(3 079 100)	-	-	-	-	(3 079 100)
Accumulated depreciation and impairment losses	-	-	1 158 300	-	-	-	-	1 158 300
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
Financial year ended 30 June 2009	-	-	455 688 005	28 179 656	-	19 773 293	-	503 640 954
Cost/Revaluation	-	-	581 026 966	33 504 639	-	37 993 601	-	652 525 206
Accumulated depreciation and impairment losses	-	-	(125 338 961)	(5 324 983)	-	(18 220 308)	-	(148 884 252)

The fair value of Property Plant and Equipment approximates their carrying amounts.

During 2008/2009 Financial year council decided to convert to the GRAP format of the Annual Financial Statements and will be fully compliant by 30 June 2011

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

6.3 INTANGIBLE ASSETS

Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Intangible assets	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2009	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Assets Revaluation Adjustment	-	-	-	-	1 079 608	-	-	1 079 608
Depreciation Revaluation Adjustment	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Work in progress LM and Other	-	-	-	-	-	-	-	-
Amortisation Charges	-	-	-	-	(215 922)	-	-	(215 922)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Financial year ended 30 June 2010	-	-	-	-	863 686	-	-	863 686
Cost/Revaluation	-	-	-	-	1 079 608	-	-	1 079 608
Accumulated depreciation and impairment losses	-	-	-	-	(215 922)	-	-	(215 922)

During the 2008/2009 Financial year the Intangible assets form part of the Computer equipment.

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Accounts Payable	25 329 780	2 153 581
Retentions	10 039 979	122
Unknown deposits	6 129 496	-
Total Trade and Other from Exchange Transactions	41 499 255	2 153 703

Ageing

Current (0 - 30 Days)	R 24 533 590
31 - 60 Days	R 465 417
61 - Days & older	R 330 773
Total	R 25 329 780

The fair value of trade and other payables approximates their carrying amounts.

8 CONSUMER DEPOSITS

Water deposits	723 306	604 842
Total Consumer Deposits	723 306	604 842

No Interest is payable on consumer deposits.
No guarantees held in lieu of water deposits.

9 VAT RECEIVABLE

Vat reconciliation	11 114 364	32 663 851
Year end sundry creditors vat reclaimable	2 467 360	-
VAT on capital leases	352 700	-
Vat consumer debtors	(7 423 957)	(6 850 262)
Total VAT Receivable	6 510 467	25 813 589

VAT receivable closing balance as at 30 June 2010

Less payments received from SARS:

2010/07/16	4 889 588
2010/09/08	6 224 776
Amount outstanding	2 467 883

Ageing

Current	R 2 390 012
30 Days	R 40 790
60 Days plus	R 37 081
Total	R 2 467 883

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

10 PROVISIONS

Performance bonus	-	436 690
Provision for leave	4 021 098	2 859 027
Total Provisions	4 021 098	3 295 717

The movement in current provisions are reconciled as follows: -

Balance 30 June 2009

Contributions to provision	436 690	2 859 028
Expenditure incurred	-	1 385 820
Adjustment	-	(223 750)
Year ended 30 June 2010	(436 690)	-
	-	4 021 098

Year ended 30 June 2008

Contributions to provision	-	3 295 717
Expenditure incurred	436 690	-
Year ended 30 June 2009	-	-
	436 690	3 295 717

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Capital Grants		
MIG Grant	2 870 804	18 192 756
DWAF Grant (Department of Water and Forestry)	-	243 430
IDP Grant	185 141	185 141
Development Bank Of SA	406 480	406 480
DLGTA Grant (COGTA)	45 699 881	33 872 721
Fresh Produce Market Grant	10 946 162	16 300 000
Total Unspent Capital Grants	60 108 468	69 200 528
Operating Grants		
Umzimkhulu Arts, Culture and Tourism Grant	4 797 090	4 797 090
Corridor Development Grant (Hawker Stalls)	2 450 000	2 450 000
Development Planning Shared Services Grant	4 050 000	2 300 000
Disaster Management Grant	1 821 038	923 669
Neighbourhood Development Grant	2 499 235	2 499 235
Change and Management Committee Grant	51 685	51 685
Transformation Managers Grant	518 040	518 040
Municipal Monitoring Systems Grant	300 000	300 000
Support Staff Grant	24 462	24 462
Planning Support Grant	9 054	9 054
Sport and Recreation Grant	550 497	550 497
Municipal System Improvement Grant	4 911	157 643
Public Transport Grant	66 587	66 587
Financial Management Grant	23 808	772 893
Management Assistance Program Grant	10 436	10 436
Learnership Grant	782 000	782 000
GIS Support Grant	141 087	141 087
LG Seta Skills Program	-	400 795
PMS Grant	445 055	325 055
Water Services Subsidy Grant	380 842	136 199
Local Economic Development Grant	518 008	518 008
Gijima Grant	235 810	235 810
Inter Governmental Grant	803	200 000
Municipal Strategic Management Grant	1 538 000	-
Total Unspent Operating Grants	21 218 448	18 170 245
Total Conditional Grants and Receipts	81 326 916	87 370 773
12 BORROWINGS		
Annuity Loans	6 197 871	7 076 752
Total Loans	6 197 871	7 076 752
Less : Current portion transferred to current liabilities	(994 406)	(949 883)
Annuity Loans	(994 406)	(949 883)
Government Loans : Other	-	-
Total Borrowings	5 203 465	6 126 869

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

13 FINANCE LEASE LIABILITY

2010	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	519 327	169 284	688 611
Within two to five years	2 627 621	856 517	3 484 138
Total Finance Lease Liability	3 146 948	1 025 801	4 172 749
Less: Amount due for settlement within 12 months (current portion)			688 611
			3 484 138

The average lease term is 4 years and the average effective borrowing rate is 10%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate by 10 % per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

14 PROPERTY RATES

	2010 R	2009 R
<u>Actual</u>		
Agricultural and State Owned	312 935	-
Commercial	-	-
Light Industries	-	-
Heavy Industries	-	-
State	-	-
Total property rates	312 935	-
<u>Reconciliation of Property Rates</u>		
Total property rates	312 935	-
Less rebates for first year as prescribed by Assessment Rates Act.	234 702	-
Assessment rates raised	78 233	-
Property rates - penalties imposed and collection charges	-	-
Total Property Rates after Rebate	78 233	-
<u>Valuations</u>		
Agricultural	6 140 000	-
State Owned	74 935 000	-
Total Property Valuations	81 075 000	-

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

A general rate of 0.002408 c/R (2010) for Agricultural and 0.004814 c/R (2010) for State Owned is applied to property valuations to determine assessment rates. Rebates of 75% are granted to Agricultural and State property owners.

Rates are levied on an monthly basis for 10 months payable monthly.

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
15 SERVICE CHARGES		
Sale of water	24 218 813	17 342 364
Sewerage and sanitation charges	11 624 735	7 164 388
Total Service Charges	35 843 548	24 506 752
16 RENTAL OF FACILITIES AND EQUIPMENT		
Other rentals	79 860	79 028
Total Rentals	79 860	79 028
17 INTEREST EARNED - EXTERNAL INVESTMENTS		
Other	6 638 868	10 513 043
Total Interest	6 638 868	10 513 043
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	120 176 657	100 037 003
MIG Grant	105 954 952	106 900 926
Other Government Grants and Subsidies	62 159 152	39 515 616
Total Government Grant and Subsidies	288 290 761	246 453 545
18.1 Equitable Share	124 778 000	100 037 003
Total Equitable Share as per Dora	124 778 000	100 037 003
18.2 MIG Grant		
Balance unspent at beginning of year	18 192 756	5 759 907
Current year receipts	90 633 000	119 333 775
Conditions met - transferred to revenue	(105 954 952)	(106 900 926)
Conditions still to be met - remain liabilities (see note 12)	2 870 804	18 192 756
Construction of infrastructure of water and sanitation in the greater Sisonke District.		
18.3 DWAF Grant		
Balance unspent at beginning of year	243 430	1 503 997
Current year receipts	14 950 409	363 870
Conditions met - transferred to revenue	(15 193 839)	(1 624 437)
Conditions still to be met - remain liabilities (see note 12)	-	243 430
Upgrading of existing waste water infrastructure in Kokstad.		
18.4 DLGTA Grant (COGTA)		
Balance unspent at beginning of year	33 872 721	47 511 034
Current year receipts	49 743 000	22 463 476
Conditions met - transferred to revenue	(37 915 840)	(36 101 789)
Conditions still to be met - remain liabilities (see note 12)	45 699 881	33 872 721
Upgrading water and sanitation projects in the Umzimkhulu Local Municipal District.		
18.5 Fresh Produce Market Grant		
Balance unspent at beginning of year	16 300 000	-
Current year receipts	-	16 300 000
Conditions met - transferred to revenue	(5 353 838)	-
Conditions still to be met - remain liabilities (see note 12)	10 946 162	16 300 000
Infrastructure of Fresh Produce Market in the Ixopo Local Municipal District.		

SISONKE DISTRICT MUNICIPALITY
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	2010 R	2009 R
18.6 Disaster Management		
Balance unspent at beginning of year	923 670	923 670
Current year receipts	1 000 000	-
Conditions met - transferred to revenue	(102 632)	-
Conditions still to be met - remain liabilities (see note 12)	1 821 038	923 670
Infrastructure of disaster management offices in the Umzimkhulu local Municipal District.		
18.7 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	157 643	680 684
Current year receipts	735 000	735 000
Conditions met - transferred to revenue	(887 732)	(1 258 041)
Conditions still to be met - remain liabilities (see note 12)	4 911	157 643
To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems.		
18.8 Financial Management Grant		
Balance unspent at beginning of year	772 893	680 684
Current year receipts	750 000	250 000
Conditions met - transferred to revenue	(1 499 085)	(235 864)
Conditions still to be met - remain liabilities (see note 12)	23 808	772 893
18.9 Learnership Grant		
Balance unspent at beginning of year	782 000	782 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	782 000	782 000
To promote and support reforms in financial management by building capacity in Municipalities to implement the Municipal Finance Management Act.		
18.10 Water Services Subsidy Grant		
Balance unspent at beginning of year	136 199	136 199
Current year receipts	651 490	-
Conditions met - transferred to revenue	(406 847)	-
Conditions still to be met - remain liabilities (see note 12)	380 842	136 199
Operating grant from DWAF for employee rates cost and other operating expenses.		
18.11 LG Seta		
Balance unspent at beginning of year	400 795	-
Current year receipts	199 347	400 795
Conditions met - transferred to revenue	(600 142)	-
Conditions still to be met - remain liabilities (see note 12)	-	400 795
Discretionary and mandatory grant from LG Seta for capacity building.		
18.12 Inter Governmental Grant		
Balance unspent at beginning of year	200 000	-
Current year receipts	-	200 000
Conditions met - transferred to revenue	(199 197)	-
Conditions still to be met - remain liabilities (see note 12)	803	200 000
Operational grant for strategic support.		

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
18.13 Gijima Grant		
Balance unspent at beginning of year	235 810	235 810
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	235 810	235 810
18.14 IDP Grant		
Balance unspent at beginning of year	185 141	185 141
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	185 141	185 141
18.15 Development Bank of SA		
Balance unspent at beginning of year	406 480	406 480
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	406 480	406 480
18.16 Development Planning Shared Services		
Balance unspent at beginning of year	2 300 000	-
Current year receipts	1 750 000	2 300 000
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	4 050 000	2 300 000
Participating municipalities to deliver development planning services to the public and to share resources in accordance with the provisions of the agreement.		
18.17 Neighbourhood Development Grant		
Balance unspent at beginning of year	2 499 235	2 499 235
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	2 499 235	2 499 235
To improve quality of life of residents in township areas through the creation of economically viable and sustainable neighbourhoods.		
18.18 Change Management Committee Grant		
Balance unspent at beginning of year	51 685	51 685
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	51 685	51 685
18.19 Support Staff Grant		
Balance unspent at beginning of year	24 462	24 462
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	24 462	24 462
18.20 Transformation Managers Grant		
Balance unspent at beginning of year	518 040	518 040
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	518 040	518 040
18.21 Drought Relief Grant		
Balance unspent at beginning of year	9 054	9 054
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	9 054	9 054

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
18.22 Sports and Recreation Programme Grant		
Balance unspent at beginning of year	550 497	550 497
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	550 497	550 497
18.23 Public Transport Grant		
Balance unspent at beginning of year	66 587	66 587
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	66 587	66 587
18.24 Municipal Monitoring System Grant		
Balance unspent at beginning of year	300 000	300 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	300 000	300 000
18.25 MAP Grant		
Balance unspent at beginning of year	10 436	10 436
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	10 436	10 436
18.26 GIS Support Grant		
Balance unspent at beginning of year	141 087	141 087
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	141 087	141 087
18.27 PMS Grant		
Balance unspent at beginning of year	325 055	325 055
Current year receipts	120 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	445 055	325 055
For implementation of performance management system component.		
18.28 LED Grant		
Balance unspent at beginning of year	518 008	518 008
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	518 008	518 008
18.29 Umzimkhulu Arts Culture and Tourism		
Balance unspent at beginning of year	4 797 090	4 797 090
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	4 797 090	4 797 090
18.30 Corridor Development Grant (Hawker Stalls)		
Balance unspent at beginning of year	2 450 000	-
Current year receipts	-	2 450 000
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	2 450 000	2 450 000

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
18.31 Municipal Strategic Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1 538 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12)	1 538 000	-
 Participating municipalities to deliver development planning services to the public and to share resources in accordance with the provisions of the agreement.		
 19 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
Other income	715 938	354 558
Total Other Income	715 938	354 558
 20 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	35 166 641	31 080 580
Social contributions - SALGBC	11 760	-
Social contributions - Medical Aid	1 745 999	-
Social contributions - Pension Fund	4 300 472	-
Social contributions - UIF	297 711	5 680 103
Travel, motor car, accommodation, subsistence and other allowances	3 163 773	2 555 607
Housing benefits and allowances	150 656	191 017
Overtime payments	2 497 691	1 969 442
Performance and other bonuses	-	436 690
Total Employee Related Costs	47 334 703	41 913 439
 Remuneration of the Municipal Manager		
Annual Remuneration	484 673	390 889
Travel, motor car, accommodation, subsistence and other allowances	327 574	261 600
Cellphone Allowance	18 000	10 800
Social contributions - UIF	1 497	-
Social contributions - SALGBC	45	-
Total Remuneration of the Municipal Manager	831 789	663 289
 Remuneration of the Chief Finance Officer		
Annual Remuneration	386 242	352 812
Travel, motor car, accommodation, subsistence and other allowances	327 005	-
Cellphone Allowance	13 197	-
Social contributions - UIF	1 123	-
Social contributions - Medical Aid	20 352	-
Social contributions - SALGBC	34	-
Total Remuneration of the Chief Financial Officer	747 953	352 812

SISONKE DISTRICT MUNICIPALITY
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Remuneration of Individual Executive Directors

Year ended 30 June 2010

	Water Services R	Infrastructure R	Economic Services R
Annual Remuneration	257 345	471 819	393 748
Travel, motor car, accommodation, subsistence and other allowances	267 277	210 792	272 052
Cellphone Allowance	15 600	15 600	15 600
Social contributions - UIF	1 497	1 497	-
Social contributions - Pension Fund	49 342	-	-
Social contributions - Medical Aid	20 717	-	-
Social contributions - SALGBC	45	-	-
Total Remuneration of Individual Executive Directors	611 823	699 708	681 400

Year ended 30 June 2010

	Corporate Services R	Operations R
Annual Remuneration	326 562	374 215
Travel, motor car, accommodation, subsistence and other allowances	223 826	250 144
Cellphone Allowance	12 448	14 300
Social contributions - UIF	1 248	1 373
Social contributions - SALGBC	34	34
Total Remuneration of Individual Executive Directors	564 118	640 066

Year ended 30 June 2009

	Water Services R	Infrastructure R	Economic Services R
Annual Remuneration	300 319	386 065	293 283
Travel, motor car, accommodation	219 942	163 824	12 768
Cellphone Allowance	8 400	4 900	8 400
Total Remuneration of Individual Executive Directors	528 661	554 789	314 451

The posts of Corporates Services and Operations Director were vacant for the year ended 30 June 2009

21 REMUNERATION OF COUNCILLORS

	2010 R	2009 R
Mayor	515 988	543 594
Deputy Mayor	278 368	287 561
Speaker	408 133	437 258
Executive Committee Members	854 437	869 772
Councillors	1 766 701	1 275 643
Cellphone Costs	217 233	176 016
Total Councillors' Remuneration	4 040 860	3 589 844

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

	MAYOR	DEPUTY MAYOR	SPEAKER
Annual remuneration	443 919	246 661	347 089
Social contributions - Pension Fund	53 580	30 210	42 366
Social contributions - Medical Aid	16 992	-	17 181
Social contributions - UIF	1 497	1 497	1 497
Total Councillors' Remuneration	515 988	278 368	408 133

	EXECUTIVE COMMITTEE	COUNCILLORS
Annual remuneration	723 207	1 642 357
Social contributions - Pension Fund	92 925	100 925
Social contributions - Medical Aid	16 992	12 889
Social contributions - UIF	21 313	10 530
Total Councillors' Remuneration	854 437	1 766 701

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
22 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	20 182 452	31 732 383
Total Depreciation and Amortisation	20 182 452	31 732 383
23 FINANCE COSTS		
Interest on external borrowings	867 593	646 880
Total Interest	867 593	646 880
24 BULK PURCHASES		
Water	7 566 292	3 378 554
Total Bulk Purchases	7 566 292	3 378 554
25 CONTRACTED SERVICES		
Contracted services for:		
Implementation of Grap	4 422 273	122 642
ESDP Review	11 154 607	-
Municipal Finance Support	4 574 038	-
VAT Consultant	4 286 090	-
Other Expenditure	3 569 509	1 316 729
Total Contracted Services	28 006 517	1 439 371
26 Grant Expenditure	9 057 364	1 789 390
Total Grant Expenditure	9 057 364	1 789 390
27 GENERAL EXPENSES		
<u>Included in general expenses are the following:-</u>		
Conferences and Seminars	2 142 786	1 073 272
Disaster Relief	2 097 110	429 917
Financial Management Support	-	440 381
LED Social Empowerment	-	2 070 008
Petrol Oil and Tyres	2 332 260	2 522 168
Printing and Stationery	3 365 718	1 344 144
Rental Vehicles	2 019 386	1 735 005
Security	2 197 342	1 334 814
SALGA Games	2 584 482	2 044 824
Telephone and Faxes	3 464 187	1 876 417
Material and Stock	4 287 460	-
Community Participation	11 369 427	7 780 714
Contribution to Leave Reserve	1 385 820	-
Other	37 945 006	19 066 007
Total General Expenses	75 190 984	41 717 671
28 Repairs and Maintenance		
<u>Included in repairs and maintenance are the following:-</u>		
Ntsikeni Dact	3 864 757	
Borehole maintenance	1 771 169	492 368
Emergency Repairs	6 473 339	1 952 776
Protected Springs	1 779 457	849
Chemical Supply	1 254 164	1 403 812
Civil Material Supply	1 927 644	1 476 569
Water Scheme Electricity	2 451 473	-
Other expenditure	1 247 995	1 587 394
Total Maintenance and Repairs	20 769 998	6 913 768
29 GAIN ON SALE OF ASSETS		
Property, plant and equipment	1 406	-
Total Gain on Sale of Assets	1 406	-

Disposal of Council assets in 2009/2010 as per Council Resolution.

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
30 CASH GENERATED BY OPERATIONS		
Surplus for the year	111 946 851	143 898 772
Adjustment for:-		
Depreciation and amortization	20 182 452	31 732 383
(Gain) Loss on sale of assets	(1 406)	-
Contributions to provisions - current	(30 393 580)	(14 135 496)
Other non-cash items	(112 046)	(6 797 696)
Operating surplus before working capital changes	101 622 271	154 697 963
Increase in inventories	(19 483)	(30 431)
Increase in receivables	26 413 677	5 767 224
Increase/(decrease) in conditional grants and receipts	(6 043 857)	18 067 552
Increase/(decrease) in trade payables	39 345 554	(19 501 126)
Increase in consumer deposits	118 464	156 007
Cash generated by operations	161 436 626	159 157 189

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	2 033 424	21 058 574
Call investments	2 563 775	357 618
Net cash and cash equivalents	4 597 199	21 416 192

32 CHANGES IN ACCOUNTING POLICIES

Revaluation of all assets were done per Directive 4 in terms of the transitional provisions during 2009/2010 and the residual values were used to calculate the accumulated depreciation.

Based on the componentisation of assets and the residual values used in terms of the Treasury guidelines the effect on the Property Plant and Equipment are as follows:

Increase in asset value	79 938 264	-
Decrease in accumulated depreciation	9 316 916	-
Total of Changes in Accounting Policies	89 255 180	-

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
33 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
33.1 Contributions to organised local government		
Opening balance	-	-
Council subscriptions	317 517	21 224
Amount paid - current	(317 517)	(21 224)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
33.2 Audit fees		
Opening balance	-	-
Current year audit fee	972 629	402 757
Amount paid - current year	(972 629)	(402 757)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
33.3 VAT		
VAT input receivables and VAT output payables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
33.4 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	7 318 855	-
Amount paid - current year	(7 318 855)	-
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
33.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	6 046 470	2 747 274
Amount paid - current year	(6 046 470)	(2 747 274)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-
34 CAPITAL COMMITMENTS		
34.1 Commitments in respect of capital expenditure		
Approved and contracted:		
Economic and Community	1 200 000	-
Infrastructure	139 860 211	102 178 648
Total Approved and Contracted	141 060 211	102 178 648
Approved not contracted:		
Economic and Community	10 314 000	-
Infrastructure	68 828 899	-
Total Approved not Contracted	79 142 899	-
Total Capital Commitments	220 203 110	102 178 648
34.2 Operating leases		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Operating leases - lessee		
Within one year	959 311	817 604
In the second to fifth year inclusive	229 599	875 170
After five years	-	-
Total Operating Leases	1 188 910	1 692 774
Operating Leases consists of the following:		
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.		

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

35 RETIREMENT BENEFIT INFORMATION

The Council provides retirement benefits to employees by contributing to pension and provident funds. Membership of either pension or provident fund is compulsory for all permanent employees.

The personnel are members of the following pension funds:

Natal Joint Municipal Pension fund(Provident)

Actuarial valuation as at 31 March 2009.

Results of valuation

The Fund self insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience.
The amount of R13,165,000 is required to be held in the Risk Reserve Account.
The liabilities of the fund exceeded the assets. Resulting in a small deficit at the valuation date of R13,930,000.
The market value of the funds assets were R573,952,000 at the valuation date
The deficit of R13,930,000 has been recouped by declaring smaller bonuses than investment returns earned
The Investment Reserve Account far exceeds the deficit, so that the fund is financially sound as at the valuation date.

Benefits:

Pension age - 65 years

Earliest retirement age - 55 years

Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.

Member's portion of full benefits - Initial transfer plus member's contributions plus investment earnings and bonuses.

Benefit on retirement after earliest retirement age or pension age - Full benefit.

Benefit on retirement because of ill health - Full benefit

Benefit on death in service - Full benefit plus 0,7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

Contributions:

Members may choose to contribute at a rate of 5%,7% or 9,25% of their pensionable emoluments in terms of regulation 14(a)

Participating employers contribute at a rate of 1,95 times of the rate of members contribution in terms of regulation 17(1)(b)

Benchmark:

The benchmark asset allocation determined as being appropriate for the fund, which takes cognisance of membership and liability profile, is stated below.

	Benchmark %
Domestic assets:	
- Equities	65%
- Fixed interest	35%
International assets:	
RIG	
- Equities	70%
- Hedge fund	30%
ORBIS	
- Equities	50%
- Absolute return funds	50%

Assets

Share account	R 574 717 000
Risk reserve	R 13 165 000
Unallocated assets	(13 930 000)
Market value of assets	573 952 000
Membership numbers	7 977

SISONKE DISTRICT MUNICIPALITY
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as at 30 June 2010

Natal Joint Municipal Pension Fund - (Retirement)
Interim actuarial valuation

An interim actuarial valuation was performed on 31 March 2009.

The statutory actuarial valuation as at 31 March 2000 disclosed that the fund was in shortfall. As required by the Pension Funds act, a "Scheme of Arrangement" was implemented so that the shortfall would be funded over the 9 year period 1 July 2001 to 30 June 2010. The initial surcharge has been reviewed at each annual actuarial valuation.

With effect from 1 July 2000 the local authority commenced paying a surcharge equal to 2% of pensionable salaries. The surcharge has been increased as follows:

2002-07-01	6%
2004-07-01	12%
2006-07-01	14%
2007-07-01	17%

Based on the valuation assumptions that applied in 2000, the shortfall is fully funded as at the valuation date.

On the DCF funding level has improved and the overall shortfall has decreased.

The valuation disclosed a surplus of R134.1 million in respect of pensioners and a shortfall of R127.7 million in respect of members.

The fund's financial condition has improved, with the overall funding level increasing to 119.1% on the DCF method of valuation.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the Fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase.

It is noted that for the DCF valuation at 31 March 2009, an actuarial adjustment of R212.7 million (investment reserve) was made to the market value of the assets.

On the revised valuation assumptions, a continuation of the current surcharge of 17% of pensionable salaries is required for 5 years after June 2010 to return the funding level to 100%

Benefits:

Pension age - 65 years

Final average emoluments - Average annual pensionable emoluments during the last year of service.

Pension on retirement at pension age - 2.1% of final average emoluments per year of continuous service.

Lump sum on retirement at pension age - 5.5% of final average emoluments per year of service.

Pension on retirement because of ill-health (minimum ten years continuous service) - Pension as for retirement at pension age (no pension payable if a member has had less than 10 years continuous service)

Lump sum on retirement because of ill-health (minimum 10 years continuous service) - Lump sum as for retirement at pension age (A benefit equal to the greater of a resignation benefit or double the member's contribution is paid if he has had less than ten years continuous service)

Pension on retirement because of retrenchment (minimum 10 years continuous service) - Pension as for retirement because of ill-health.

Surviving Spouses pension on death in service - 1.05% of final average emoluments per year of continuous service that the member would have had at the pension age.

Surviving Spouses pension on death of pensioner - 1.05% (0.77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.

Lump sum on death in service - Annual pensionable emoluments.

Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

Benchmark:

The benchmark asset allocation determined as being appropriate for the fund, which takes cognisance of membership and liability profile, is stated below.

	Benchmark %
Assets	
At market value	R 1 454 900 000
- Membership Numbers	10 000

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
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Natal Joint Municipal Pension Fund - (Superannuation)
Statutory actuarial valuation

The statutory valuation of the fund at 31 March 2005 disclosed that the Fund was in a shortfall position and therefore the Committee of Management levied a surcharge on the local authorities. The surcharge was increased from 6% to 7% effective 1 July 2007 and has been applied towards meeting the shortfall in respect of the liabilities.

The Funds financial condition has deteriorated slightly to a funding level of 99.4%

This position will be reviewed at each future valuation to ensure that the fund does not fall into a shortfall position as a result of large salary increases.

Contributions payable to the Fund at the valuation date, excluding any surcharge expressed as a percentage of the pensionable salaries are:

by members	9,25%
by local authorities	18,00%

The Employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age of members will increase over time which in turn, means that the required rate of contribution will also increase.

The Fund self-insures its risk benefits. The Fund holds a Risk Reserve to cushion it against fluctuations in mortality experience.

The Fund was fully funded and financially sound on the DCF method.

Benefits:

Pension age - 65 years

Optional retiring date - The date on which a member attains the age of 60 years

Early retirement - as per the regulations

Final average emoluments - Average annual pensionable emoluments during the last year of service.

Bonus service included in continuous service - One year for 20 completed years of continuous service and thereafter one year for every five completed years of continuous service.

Commutation - A retiring member may commute up to one third of the pension for a lump sum

(members who transfer to the Fund on or after 12 March 1997 may commute a maximum of one seventh of the pension for a lump sum.

Pension on retirement at pension age or at optional retiring date -

2.2% of final average emoluments per year of continuous service

Lump sum on retirement at pension age or at optional retiring date -

8.25% of final average emoluments per year of service

Benchmark %

ASSETS

At market value

R 4 120 200 000

- Membership Numbers

10 541

Municipal Councillors Pension Fund.

The MCPF is a defined contribution pension fund

Contribution:

 : Member

13,75%

 : Council

15,00%

Total

28,75%

SISONKE DISTRICT MUNICIPALITY
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as at 30 June 2010

	2010 R	2009 R
36 CONTINGENT LIABILITY		
36.1 Eskom		
Eskom Guarantee	200 000	200 000
Total Contingent Liability	200 000	200 000

36.2 Other Contingent Liability

Council is awaiting the outcome of the following Civil Claim and Employee Disciplinary actions.

The natures of claims as defendant are as follows:

Advertising costs
Professional fees
Personnel costs

The natures of claims as plaintiff are as follows:

Travelling allowances
Misconduct
Theft

37 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with the budgeted is set out in Annexure E(1)

38 FINANCIAL INSTRUMENTS

Financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial instruments are initially recognised at fair value.

38.1 Cash and Cash equivalents (Note 1)

FNB Ixopo	2 033 584	21 058 274
Call investment	2 563 775	357 618
FNB Kokstad	(460)	-
	4 596 899	21 415 892
Cash on hand	300	300
Net Balance	4 597 199	21 416 192

There is no risk associated with cash and cash equivalents as it is immediately available.

38.2 Trade and Other receivables from exchange transactions (Note 2)

Provision for Doubtful Debts	60 606 280	42 209 018
	(58 094 755)	(32 719 004)
Net Balance	2 511 525	9 490 014

The risk associated with trade receivables is a threat to Council as there are several contributing factors which play a role in the recovery thereof.

38.3 Inventories (Note 4)

The Inventory is for water in Councils reservoirs	49 914	30 431
--	---------------	---------------

The inventory is not material therefore it carries no risk to Council.

38.4 Other investments (Note 5)

Fixed deposit >30 days	31 913 625	-
Money market account	6 493 614	-
30 Day fixed deposit	61 122 972	-
32 Day call investment	10 302 077	-
Total Other Investments	109 832 288	-

Councils investments are with various Financial Institutions therefore the risk is minimal.

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

	2010 R	2009 R
38.5 Trade and other payables from exchange transactions (Note 7)	41 499 255	9 003 965
Total Trade and Other Payables from Exchange Transactions	41 499 255	9 003 965

Council is able to meet all payables for exchange transactions, therefore there is no risk involved.

38.6 Consumer deposits (Note 8)	723 306	604 842
Total Consumer Deposits	723 306	604 842

Consumer deposits are based on a two month usage.
Council is in a position to refund any consumer deposits, when and if required.

38.7 Borrowings (Note 12)		
Annuity loans	6 197 870	7 076 752
Finance lease liability	4 172 749	-
Total Borrowing	10 370 619	7 076 752

Councils is able to meet all required commitments regarding outstanding borrowings.

39 BUDGET SUMMARY

	Budget 2010	Actual 2010	Actual 2009
Revenue			
Assessment Rates	-	78 233	-
Service Charges	31 883 200	35 843 548	26 712 000
Interest earned external investments	8 000 000	6 638 868	700 000
Government grants and subsidies	456 375 016	288 290 761	113 949 694
Other income	350 000	717 344	6 649 980
Rent	-	79 860	-
Total Revenue	496 608 216	331 648 614	148 011 674
Expenditure			
Employee related costs	49 660 948	47 334 703	50 800 000
Remuneration of councillors	4 139 016	4 040 860	3 666 661
Depreciation	32 000 000	20 182 452	-
Repairs and maintenance	18 805 000	20 769 998	8 025 000
Operating grants	9 301 000	9 057 364	64 836 217
General expenses	96 423 330	101 811 681	-
Leave provision	-	1 385 820	-
Finance cost	880 000	867 593	2 796 273
Bulk Purchases	-	7 566 292	-
Provision bad debts	-	6 685 000	-
Total Revenue	211 209 294	219 701 763	130 124 151
Surplus for the year	285 398 922	111 946 851	17 887 523

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

**40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
DISALLOWED**

40.1 Irregular expenditure

During the year Sisonke District Municipality incurred expenditure of R3 415 084 which was not in compliance with the Supply Chain Management Policies and procedures.

The nature of the payments are as follows:

Emergency repairs	208 329
Community participation	216 600
Professional fees	277 520
Professional fees	321 845
Borehole maintenance	347 747
Borehole maintenance	390 440
Professional fees	518 986
Professional fees	1 350 217
Professional fees	1 424 595
Professional fees	275 536
Civil material supply	46 578
Civil material supply	104 905
Community participation	41 250
Community participation	80 000
Community participation	47 384
Security	41 026
Civil material supply	32 768
Total Irregular Expenditure	5 725 726

Requisite investigations will be conducted in the next financial year.

40.2 Unauthorised Expenditure

Municipal Managers Office	1 975 639
Water Services	7 196 242
Total Unauthorised Expenditure	9 171 881

The above expenditure in the following Departments exceeded the approved budget due to the following reasons:

Municipal Managers Office

The over expenditure was due to the fill-in of vacant posts for the sub-component of Operations, (this included the Operations Executive Director) within the Office of the Municipal Manager. This was necessitated in order to ensure service delivery of a high standard in the year under review.

Water Services

- a.) Salaries, overtime and standby was under budgeted for in the adjusted budget.
- b.) Water monitors were under provided for in the adjusted budget.
- c.) Due to unforeseen circumstances Sisonke District Municipality had to pay for a sanitation crisis at Kwasani. This was not provided for in the original budget.
- d.) Material and stock exceeded the budget due to the excessive repairs of the ageing infrastructure inherited with the transfer of the powers and functions.
- e.) Tariffs on electricity charges were increased during the year under review and therefore not adequately provided for in the adjusted budget.

SISONKE DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2010

40.3 Fruitless and Wasteful Expenditure

- a.) An amount of R1 500 000 which constitutes fruitless and wasteful expenditure was incurred. 1 500 000

The funds were received from CoGTA for the establishment of a Shared Service Internal Audit function, a service provider was subsequently appointed. However, only phase 1 was completed using the R1,5 million.

No further payments have been received from CoGTA and the only Local Municipality who contributed towards the Shared Service was Kwasani Municipality.

The process has subsequently been stalled for the last two years and the funds expended can therefore be deemed as fruitless expenditure.

- b.) In the current financial year two pending Civil Claims were settled by Council.

The nature of the claim and settlements are as follows:

Business Plan Donnybrook/Gala - Interest

133 928

Centocow water supply scheme phase 2 - Legal fees

1 460 242

Total of Fruitless Expenditure

3 094 170

41 SUBSEQUENT EVENTS

On 1 August 2010 an office building rented by Sisonke District Municipality, situated in the durisdiction of Ixopo town, was damaged by a fire.

Damage incurred by Council was limited to office contents only.

The pending insurance claim for the office contents, does not have an effect on the year under review.

42 PRIOR YEAR ERROR

The 2009 comparitives have been adjusted for the following prior year error which were discovered during the year under review.

Reallocation of grant funding from MIG to DLGTA which was incorrectly accounted for in the prior year.

The effect on the balance sheet is restatement of the opening balance of MIG.

DLGTA correction of prior year error

-48 269 321

MIG correction of prior year error

48 269 321

Conditions met transferred - MIG

-35 269 321

SISONKE DISTRICT MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2010

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 1 July 2009	Interest paid during the period	Payment made during the period	Balance 30 June 2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
ANNUITY LOAN								
Development Bank of SA	2	2013/12/31	1 591 437	261 653	(521 608)	2 374 698	1 331 482	-
Development Bank of SA	5	2015/09/30	5 485 316	580 500	(1 199 428)	7 265 244	4 866 388	-
TOTAL EXTERNAL LOANS			7 076 753	842 153	(1 721 036)	9 639 942	6 197 870	-

SISONKE DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation						Accumulated Depreciation						Transfers	Other movements	Carrying Value
	Opening Balance	Change in Accounting Policy Revaluation adjustment	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Change in Accounting Policy Revaluation adjustment	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land															
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings															
Buildings	-	32 704 769	-	-	-	32 704 769	-	(4 165 313)	(734 305)	-	-	(4 899 618)	-	-	27 805 151
Infrastructure															
Roads	-	140 223	-	-	-	140 223	-	-	-	-	-	-	-	-	140 223
Water & Sewer Mains & Purification	581 026 966	82 075 335	116 889 766	-	-	779 992 067	(125 338 961)	1 922 329	(15 896 689)	-	-	(139 313 321)	-	-	640 678 746
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress LM and Other	-	-	14 700 834	-	-	14 700 834	-	-	-	-	-	-	-	-	14 700 834
	581 026 966	82 215 558	131 590 600	-	-	794 833 124	(125 338 961)	1 922 329	(15 896 689)	-	-	(139 313 321)	-	-	655 519 803
Community Assets															
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	33 504 639	(14 554 144)	6 815 353	-	-	25 765 848	(5 324 983)	2 441 859	(639 206)	-	-	(3 522 330)	-	-	22 243 518
Work in progress LM and Other	-	-	326 068	-	-	326 068	-	-	-	-	-	-	-	-	326 068
	33 504 639	(14 554 144)	7 141 421	-	-	26 091 916	(5 324 983)	2 441 859	(639 206)	-	-	(3 522 330)	-	-	22 569 586
Total carried forward	614 531 605	100 366 183	138 732 021	-	-	853 629 809	(130 663 944)	198 875	(17 270 200)	-	-	(147 735 269)	-	-	705 894 540

SISONKE DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation						Accumulated Depreciation						Transfers	Other movements	Carrying Value
	Opening Balance	Revaluation adjustment	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Revaluation adjustment	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	614 531 605	100 366 183	138 732 021	-	-	853 629 809	(130 663 944)	198 875	(17 270 200)	-	-	(147 735 269)	-	-	705 894 540
Other Assets															
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	2 247 901	370 360	-	-	2 618 261	(1 253 977)	-	(334 667)	-	-	(1 588 644)	-	-	1 029 617
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	8 663 416	901 795	(1 015 902)	-	8 549 309	(4 789 506)	-	(1 063 305)	782 501	-	(5 070 310)	-	-	3 478 999
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	3 669 732	431 230	-	-	4 100 962	(1 858 290)	-	(728 746)	-	-	(2 587 036)	-	-	1 513 926
Computer software	-	1 079 608	-	-	-	1 079 608	-	-	(215 922)	-	-	(215 922)	-	-	863 686
Other Assets	37 993 601	(36 088 576)	-	-	-	1 905 025	(10 318 535)	9 118 041	(308 919)	-	-	(1 509 413)	-	-	395 612
Work in progress LM and Other	-	-	44 988 647	-	-	44 988 647	-	-	-	-	-	-	-	-	44 988 647
	37 993 601	(20 427 919)	46 692 032	(1 015 902)	-	63 241 812	(18 220 308)	9 118 041	(2 651 559)	782 501	-	(10 971 325)	-	-	52 270 487
Finance Lease Assets															
Office Equipment	-	-	225 114	-	-	225 114	-	-	(6 069)	-	-	(6 069)	-	-	219 045
Other Assets	-	-	3 055 456	-	-	3 055 456	-	-	(254 624)	-	-	(254 624)	-	-	2 800 832
	-	-	3 280 570	-	-	3 280 570	-	-	(260 693)	-	-	(260 693)	-	-	3 019 877
Total	652 525 206	79 938 264	188 704 623	(1 015 902)	-	920 152 191	(148 884 252)	9 316 916	(20 182 452)	782 501	-	(158 967 287)	-	-	761 184 904

SISONKE DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation						Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance		Additions	Disposals	Under Construction	Closing Balance	Opening Balance		Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance		
	R		R	R	R	R	R		R	R	R	R	R	R
Land														
Land	-		-	-	-	-	-		-	-	-	-	-	-
	-		-	-	-	-	-		-	-	-	-	-	-
Buildings														
Buildings	-		-	-	-	-	-		-	-	-	-	-	-
Infrastructure														
Drains	-		-	-	-	-	-		-	-	-	-	-	-
Roads	-		-	-	-	-	-		-	-	-	-	-	-
Water & Sewer Mains & Purification	470 530 737		113 575 329	(3 079 100)	-	581 026 966	(100 081 144)		(26 416 117)	1 158 300	-	(125 338 961)	-	455 688 005
Reservoirs – Water	-		-	-	-	-	-		-	-	-	-	-	-
Water Meters	-		-	-	-	-	-		-	-	-	-	-	-
Storm Water	-		-	-	-	-	-		-	-	-	-	-	-
	470 530 737		113 575 329	(3 079 100)	-	581 026 966	(100 081 144)		(26 416 117)	1 158 300	-	(125 338 961)	-	455 688 005
Community Assets														
Parks & Gardens	-		-	-	-	-	-		-	-	-	-	-	-
Libraries	-		-	-	-	-	-		-	-	-	-	-	-
Recreation Grounds	-		-	-	-	-	-		-	-	-	-	-	-
Civic Buildings	-		-	-	-	-	-		-	-	-	-	-	-
Stadiums	-		-	-	-	-	-		-	-	-	-	-	-
Halls	-		-	-	-	-	-		-	-	-	-	-	-
Theatre	-		-	-	-	-	-		-	-	-	-	-	-
Swimming Pools	-		-	-	-	-	-		-	-	-	-	-	-
Cemeteries	-		-	-	-	-	-		-	-	-	-	-	-
Other	30 227 822		3 276 817	-	-	33 504 639	(4 308 821)		(1 016 162)	-	-	(5 324 983)	-	28 179 656
	30 227 822		3 276 817	-	-	33 504 639	(4 308 821)		(1 016 162)	-	-	(5 324 983)	-	28 179 656
Total carried forward	500 758 559		116 852 146	(3 079 100)	-	614 531 605	(104 389 965)		(27 432 279)	1 158 300	-	(130 663 944)	-	483 867 661

SISONKE DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation						Accumulated Depreciation								
	Opening Balance		Additions	Disposals	Under Construction	Closing Balance	Opening Balance		Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R		R	R	R	R	R		R	R	R	R	R	R	R
Total brought forward	500 758 559		116 852 146	(3 079 100)	-	614 531 605	(104 389 965)		(27 432 279)	1 158 300	-	(130 663 944)	-	-	483 867 661
Other Assets															
Office Equipment	-		-	-	-	-	-		-	-	-	-	-	-	-
Furniture & Fittings	-		-	-	-	-	-		-	-	-	-	-	-	-
Bins and Containers	-		-	-	-	-	-		-	-	-	-	-	-	-
Emergency Equipment	-		-	-	-	-	-		-	-	-	-	-	-	-
Motor vehicles	-		-	-	-	-	-		-	-	-	-	-	-	-
Fire engines	-		-	-	-	-	-		-	-	-	-	-	-	-
Refuse tankers	-		-	-	-	-	-		-	-	-	-	-	-	-
Computer Equipment	-		-	-	-	-	-		-	-	-	-	-	-	-
Computer Software	-		-	-	-	-	-		-	-	-	-	-	-	-
Other Assets	36 819 792		1 173 809	-	-	37 993 601	(13 920 204)		(4 300 104)	-	-	(18 220 308)	-	-	19 773 293
	36 819 792		1 173 809	-	-	37 993 601	(13 920 204)		(4 300 104)	-	-	(18 220 308)	-	-	19 773 293
Finance Lease Assets															
Office Equipment	-		-	-	-	-	-		-	-	-	-	-	-	-
Other Assets	-		-	-	-	-	-		-	-	-	-	-	-	-
	-		-	-	-	-	-		-	-	-	-	-	-	-
Total	537 578 351		118 025 955	(3 079 100)	-	652 525 206	(118 310 169)		(31 732 383)	1 158 300	-	(148 884 252)	-	-	503 640 954

SISONKE DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation				Accumulated Depreciation					Closing Balance R	Carrying value R
	Opening Balance R	Additions R	Revaluation adjustment R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Revaluation adjustments R	Disposals R		
Executive & Council	425 449	344 506	70 700	-	840 655	278 711	114 397	26 616	-	419 724	420 931
Finance & Admin	8 765 125	1 760 455	403 757	-	10 929 337	2 667 177	948 619	126 717	-	3 742 513	7 186 824
Planning & Development	609 290 512	179 681 677	87 095 416	(1 015 902)	875 051 703	138 786 743	18 088 458	(6 940 296)	(782 501)	149 152 404	725 899 299
Economic and Commercial	34 044 120	6 917 985	(7 631 609)	-	33 330 496	7 151 621	1 030 978	(2 529 953)	-	5 652 646	27 677 850
Other	-	-	-	-	-	-	-	-	-	-	-
Total	652 525 206	188 704 623	79 938 264	(1 015 902)	920 152 191	148 884 252	20 182 452	(9 316 916)	(782 501)	158 967 287	761 184 904

SISONKE DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009 Actual Income	2009 Actual Expenditure	2009 surplus/Deficit		2010 Actual Income	2010 Actual Expenditure	2010 Surplus/Deficit
R	R	R		R	R	R
1 258 042	19 069 241	(17 811 199)	Executive & Council	-	32 145 270	(32 145 270)
111 672 324	34 945 897	76 726 427	Finance & Admin	155 232 588	155 105 921	126 667
144 922 637	24 293 322	120 629 315	Planning & Development	140 672 739	15 809 436	124 863 303
24 506 752	60 152 523	(35 645 771)	Water	35 743 287	16 641 136	19 102 151
282 359 755	138 460 983	143 898 772	Less: Inter-Department Charges	331 648 614	219 701 763	111 946 851
282 359 755	138 460 983	143 898 772	Total	331 648 614	219 701 763	111 946 851

The Actual Expenditure Finance and Admin was adjusted by R 1,789 390 prior year Operating grants.

SISONKE DISTRICT MUNICIPALITY
APPENDIX E1
ACTUAL VERSES BUDGET (INCOME AND EXPENDITURE)
as at 30 June 2010

	2010 Actual R	2010 Budget R	2010 Variance R	%	Explanation of Significant Variances greater than 10%
REVENUE					
Service charges	35 843 548	31 883 200	3 960 348	12.4%	Assessment rates were levied and tariffs increased 2009/2010.
Assessment rates	78 233	-	312 935	0%	
Interest Earned - External Investments	6 638 868	8 000 000	(1 361 132)	-17.0%	Financial Institutions decreased interest rates in 2009/2010.
Government grants and subsidies	288 290 761	456 375 016	(168 084 255)	-36.8%	Actual budget amount was not attained in 2009/2010
Other Income	717 344	350 000	367 344	105.0%	Unbudgeted income was received in 2009/2010.
Rent	79 860	-	79 860	0.00%	
Total Revenue	331 648 614	496 608 216	(164 959 602)	-33%	
Expenditure					
Employee related costs	47 334 703	49 660 948	(2 326 245)	-5%	
Remuneration of Councillors	4 040 860	4 139 016	(98 156)	-2%	
Leave provision	1 385 820	-	1 385 820	0%	
Depreciation	20 182 452	32 000 000	(11 817 548)	-37%	Revaluation of infrastructure assets 2009/2010.
Repairs and maintenance	20 769 998	18 805 000	1 964 998	10%	Additional repairs and maintenance 2009/2010.
Interest on external borrowings	867 593	880 000	(12 407)	-1%	
Bulk purchases	7 566 292	5 700 000	1 866 292	33%	Increase in unit cost per kilolitre.
Provision to bad debts	6 685 000	6 685 000	-	0%	
General expenses - other	101 811 681	84 038 330	17 773 351	21%	Additional general expenditure 2009/2010.
Operating Grants	9 057 364	9 301 000	(243 636)	-3%	Local Municipality projects not capitalised in 2009/2010.
Total Expenditure	219 701 763	211 209 294	8 492 469	4%	
Surplus/(Deficit)	111 946 851	285 398 922	(173 452 071)	-61%	